

Mr. Bruce Halstead
U.S. Fish and Wildlife Service
1125 16th Street, Room 209
Arcata, CA 95521

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US Fish & Wildlife Service
CCFWO, Arcata, CA

Dear Mr. Halstead,

After reviewing the Public Review Draft of PALCO's SYP/HCP, this letter responds primarily to the economics and projections which struck me as particularly outrageous and disturbing. And in a document such as this, filled with bogus science and testimony by PALCO's various "Dr.'s" of science, it was hard to pick 4-pages-out-of-1000 to concentrate my attention. Beginning with page 27, section c., "Economic Parameters," here's the gem in its entirety:

c. Economic Parameters

Economic parameters for the model include gross revenue, silvicultural cost, and harvesting cost. Present net worth, or discounted cash flow from each silvicultural prescription, was calculated; and a discounting factor of 6% was applied to each harvest value. Maximization of present net worth was used as the objective function in a linear programming model. Trees were valued by size based on the value of recovered lumber. The data used in calculating costs and revenues are proprietary and confidential and, if requested, will be made available to CDF for confidential audit. In addition to the above parameters, two economic-related objectives were identified by PALCO:

1. Between decades, maximum harvest levels will not increase or decrease by more than 15% between the first and second decade, 12.5% between the second and third decade and 10% thereafter; and
2. Harvests per decade must be less than LTSY, with average growth computed as the mean annual periodic increment of the last four planning periods for uneven-aged prescriptions and as the mean annual increment for even-aged prescriptions. These objectives were set to ensure a stable flow of products and revenues to maintain the regional economic vitality and to ensure that PALCO lands attain maximum sustainable production."

Note the sentence "Maximization of present net worth was used as the objective function in a linear programming model." Present net worth is opposed to *future* net worth. In other words, PALCO is stating explicitly that they plan cut down as many trees as is within their ability. That is the meaning of "maximizing present net worth."

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Although I have a degree in economics, it hardly requires expertise to discern PALCO's motives. Their willingness to break the law in realizing the "objective function" of their "linear programming model" is well-established. How many citations has this company received in the last 3 years? 100? 200? PALCO is like a bad dog that eats trees and needs a muzzle!

Note also in this section that "[T]he data used in calculating costs and revenues are proprietary and confidential and, if requested, will be made available to CDF for confidential audit." That's an *invitation* if ever I heard one! By all means, take them up on this offer. They certainly can't be trusted to be honest where their revenues and assets are concerned. It is in their economic interest to lie and underestimate the value of the trees and surrounding habitat while inflating the "costs" of "harvesting" the forest.

In the section entitled "2. Projections" on page 28, PALCO defines MBFN as "233,520 thousand board feet net (MBFN) per year, which equals 1,103 board feet net (BFN) per acre per year." On the next page, you will find Table 9 which outlines their projections for "Inventory, Growth, and Harvest per Decade" for the next 120 years. The figures they present in Table 9 might be politely described as ludicrous. From the first decade to the second, note that Inventory falls from 5,004,554 to 4,453,995. That means they plan to cut (or otherwise lose) 550,559 MBFN. In the same period, the plan to "harvest" 233,519 MBFN while they project a growth of 177,465 MBFN. One might expect the difference between the harvest and the growth—which is 56,054 MBFN—to be equivalent to the drop in Inventory. But it's not even close! Their Inventory is mysteriously projected to drop 10 times faster than the difference between their "harvest" and the growth. Again, I would recommend an independent study of their inventory and revenue. The numbers they present are neither reliable, nor consistent.

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The last item I will mention is on page 36, Table 13: Summary of Potential Impacts to Covered Species. With regards to the Marbled Murrelet, they state, "Potential effects include a 17-23% reduction in potential or actual nesting habitat in the Plan Area and possible

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disruption of nesting, and (under worst case assumptions) possible killing or injuring (sic) of murrelets." Their plan, in short, clearly states their intention to violate both state and federal regulations concerning endangered species. An approval of this HCP would conflict with existing laws protecting endangered species such as the Marbled Murrelet.

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con.

I hope you can do something to stop PALCO's relentless, debt-driven frenzy to destroy the forest in this region. They may own the land, but it is government's obligation to protect the environment from corporate excesses. Their HCP is rife with nonsense and betrays their intentions to cut trees as fast as they possibly can. Regulatory agencies should reject this HCP and request their own inspection of PALCO property to assess inventory and habitat.

Please respond in writing to my letter. I plan to attend the public hearing on this HCP.

Sincerely,

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